

EMGT 835 field Project

EMPLOYEE RETENTION OF THE X AND Y GENERATION EMPLOYEES AT ABC

**By
Sean Shatto**

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Herb Tuttle	Date
Committee Chair	

Linda Miller
Committee Member

Eugene Kheyfets Date
Committee Chair

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Abstract

The purpose of this Engineering Management Field Project is to gain a better understanding of how ABC is performing in the area of Employee Retention of generation X and Y employees. ABC is a high tech aerospace company that was established in the late 1940s' to build engines for the United States Government. Throughout its history, it has survived the many government cuts by expanding and creating more innovative manufacturing designs and techniques. It has established itself as one of the leading technological production organizations for the U.S. government. It has led the way in science-based manufacturing helping the government as well as the commercial industry build products.

Is ABC doing the right things to keep the generation X and Y employees? Do they know what they are losing? In a nation where a recession is beginning, can ABC afford to lose their best employees?

What does ABC need to do to improve and retain good employees? What affect on retention does management have? How can hiring the right employees and orientating them improve a company's employee retention? How do employee opportunities fit into employee retention? How can employers improve performance reviews to aid in the retention of employees? Employers must answer and then implement solutions to these questions to be successful at employee retention. Employers need to view employees as critical assets that cannot be replaced overnight.

The purpose of this project is to answer these questions about ABC, which will help improve the bottom line of the company. It will also act as an improvement plan to better retain these younger generations. There are many things not done at ABC that could make the difference in staying competitive. Employee retention, especially of the key employees, is a major challenge that companies need to take more seriously. Many factors are critical to employee retention. Employers must use these factors to retain employees and make their company a top place to work. In an increasingly competitive market, employee retention can make or break companies.

Introduction

Employee Retention at ABC

As companies bottom lines become more tight, they should be looking for ways to improve their business. Retaining the right employees is one way that will increase production and morale while, at the same time reducing overhead cost associated with loss of the wrong employees.

With the downturn in the economy, many companies are laying off people with little regard to who is leaving and who staying. They are cutting their numbers to survive while the remaining employees pick up the slack. When the economy turns around, are companies going to be in a situation where the right employees are performing the right jobs?

For past three years, ABC has been in a mode of employee reduction due to the continual downsizing of its business by the government. They have allowed normal attrition to reduce the workforce in order to meet required employee numbers for the future. What type of improvements can ABC make to survive in these tough times? Can they improve their retention policies to better the business?

Another Fortune 500 company that is struggling during these tough times is General Electric (GE). Is GE doing the right things to keep their best employees? They use an employee ranking system where 20% of salaried, managerial and executive employees are rated "outstanding" each year, 70% are rated as "high-performance middle" and 10% are "in need of improvement." In the 2000 annual report, then-CEO

Jack Welch wrote, "GE leaders must not only understand the necessity to encourage, inspire and reward that top 20 percent ... they must develop the determination to change out, always humanely, that bottom 10 percent, and do it every year."

(Edmondson 2008) Do these types of employee ranking systems create retention problems and de-motivate employees? Before they imploded, Enron put employees in one of five categories: 5% were identified as "superior," 30% "excellent," 30% "strong," 20% "satisfactory" and 15% "needs improvement."

"Consider the impact on morale and trust. Employees often become suspicious of management's motive -- is it about improving performance or downsizing the organization? This suspicion can create unhealthy competition among employees, and rapidly erode the trust employees have with management." (Edmondson 2008)

Are companies doing the right things to keep employees? Do companies know what they are losing? In a nation where a recession is beginning, can companies afford to lose their best employees? Many companies are learning quickly that employees are their best assets and many things other than money retain employees.

In the past, employees have felt an obligation to the companies that they work for and typically tended to stay with companies for long periods of their career. Pension plans, good benefits and average salaries kept employees happy. It was a common occurrence for an employee to work for a company for their entire career. This is no longer the case. The X and Y generation of employees, defined as people born in the birth years from 1961 to 1994, does whatever is best for them. They have little regard

for their employers and have no sense of obligation to anyone or anything but themselves. If these employees have a better offer somewhere else, they are gone.

As the baby boomer generation retires, and the X and Y Generation continue to look for better jobs, employees are getting the upper hand on employers. Recruiting, training, socialization, and disruption from employee turnover is incredible cost for businesses. Employers need to start learning what makes employees stay at their companies. They need to understand that happy employees means less turnover, better employee performance, and in the end, better profits for the company.

Employee retention is not a new problem. It is relevant today and will become even more important in the future. Even in slow economic times, employers find attracting and retaining talented employees a big problem. "In a study during the 2001-2003 recession, 90 percent of the 109 executives surveyed said they were finding it difficult to attract and retain the best people in the organization." (David Dell 2002)

What do employers need to do to improve and retain good employees? What affect on retention does management have? How can hiring the right employees and orientating them improve a company's employee retention? How do employee opportunities fit into employee retention? How can employers improve performance reviews to aid in the retention of employees? Employers must answer and then implement solutions to these questions to be successful at employee retention. First, employers need to view employees as critical assets that cannot be replaced overnight.

There are many things not being done in every company that could make the difference in staying competitive. Employee retention, especially of the key employees,

is a major challenge that companies need to take more seriously. There are many factors that are critical to employee retention. Employers must use these factors to retain employees and make their company a top company to work for. In an increasing competitive market, employee retention can make or break companies.

ABC's Long History

ABC is a high tech aerospace company that was established in the late 1940s' to build engines for the United States Government. Throughout its history, it has survived the many government cuts by expanding and creating more innovative manufacturing designs and techniques. It has established itself as one of the leading technological production organizations for the U.S. government. It has led the way in science based manufacturing helping the government as well as the commercial industry build products.

After WWII, ABC continued its success while the government continued its high level of spending developing all of its production technologies. There were several downsizes after the cold war era ended where the budgets got tighter and deadlines became shorter. ABC continued its success due to its highly skilled work force and its production capabilities but it has had to make major changes in the way it manages business.

Once the cold war ended in the 1980s, the major budget cuts caused ABC to go into a period of ten years of downsizing where they hired very few new employees. The company went from over 8000 employees to under 3000 employees. This has caused

ABC's workforce to have an average age of 49 years old with very few Generation X and Y employees. Most of these employees are baby boomers that have spent the majority of their career with ABC. Excellent pension funds and retirement health care have tied them to the company.

During the 2000s, ABC started hiring new employees to replace its retiring workforce. Even with all the hiring, the majority of the employees are within 10 years of retirement. Over the next ten years, the workforce will be transitioning from the baby boomer generation to the X and Y generations. Employee retention as well as transition of the knowledge will be critical to the success of ABC. Senior leadership must adjust its policies to adapt to the generational changes in the workforce.

Literature review

High Cost of Turnover

The cost of employee turnover is an expense that many companies would like to eliminate. “On average, employees change jobs every four years, which leads to 14.4% employee turnover annually. With these turnover rates and replacement costs, a 3000 employee organization with average salaries of \$45,000 that reduces turnover by just 1% can save \$1.75 million annually.” (Unknown 2007) Keeping the right employees longer needs to become a high priority at all companies.

Every company has a core group of employees that they need to be successful. These employees get the job done. “How much do you think losing one of your most talented employees will cost your company? You may be surprised when you run the numbers and factor in some these points.” (Manning 2001)

- Time spent writing job descriptions
- Advertising costs
- Time spent collecting, sorting, and reviewing resumes
- Interview time
- Agency fees
- Referral bonuses
- Time spent at job fairs
- Travel expenses – yours

- Travel expenses – your candidates
- Relocation expenses
- Drug, screens, background checks, and other screening
- The cost of your recruiting web site
- Training expenses
- The cost of employee orientation
- Lost profits
- Overtime from other employees

In addition to turnover costing the company money, it will also affect the remaining employees' morale. This can result in low productivity and poor performance of current projects. Employees must work overtime while understaffed, which adds to their stress levels. Often, the employee who takes up the slack is not as skilled in the ex-employee's area, which can lead to mistakes. If not caught in time, this may result in lost customers, affecting the bottom line and even more. "A recent study by Sibson & Company claims that annual employee turnover replacement costs have depressed earnings and stock prices an average of 38 percent." (Kaye 2002) As remaining employees begin seeing this decline, it will make them question their own dedication to the company. They may begin to wonder, what did the ex-employee know that they did not know? They may also begin looking to make a change, thinking that they should get out while they still can. This can create a domino effect, which can be devastating and may take the company months to recover.

“Most experts agree that replacing a key person on a staff will cost two times that person’s annual salary. Some say highly skilled professional could easily cost four to five times their annual salaries.” (Kaye 2002) To figure out the cost of hiring a new employee use the following formula:

$$\text{COST OF HIRE} = \frac{\text{All annual recruiting expenses, including salaries}}{\text{The total number of employees hired over a year}}$$

Retaining employees is strictly a rational business strategy. For those who use the “easy come, easy go” philosophy of turnover, assessing these costs can be eye opening. They have a very negative effect on financial statements, which is something everyone can understand. The high rate of turnover is a problem in our work force that must be addressed to change the tide of society. Poor dedication from both the employer and the employee is on the brink of breaking our country. We must look deeply into our ideals and policies to build a strong company, which will yield a strong nation. Retaining employees is the key to achieving this goal. The key to decreasing employee turnover is to get the managers to look for the real cause of turnover and to pinpoint the problem. Then create an employee retention strategy. It is simply too costly of a problem to be overlooked. The key to a successful business is producing a quality product, and in order to do that companies must retain their quality employees.

Reasons Employees Leave

Over the years, it has been a common misconception from management that most employees leave because they are being attracted away by better outside offers. In reality, this is not the case. People typically leave because of all the negative aspects of their current job. Poor management practices as well as workplace cultures essentially push them out the door.

The Saratoga Institute conducted a survey of more than 19,000 employees on why they leave companies. The responses to the question “Why did you leave” were classified into the following groups: (Branham 2005)

1. Limited Career Growth or Promotional Opportunity (16 percent), indicating a lack of hope
2. Lack of Respect from or support by supervisor (13 percent), indicating a lack of trust or confidence.
3. Compensation (12 percent), indicating an issue of worth or value
4. Job Duties Boring or Unchallenging (11 percent), indicating a lack of competence and fulfillment in the work itself.
5. Supervisors Lack of Leadership skills (9 percent), indicating a lack of trust and confidence.
6. Work Hours, including undesirable work schedule (6 percent) , to inflexibility, to overtime.
7. Unavoidable Reasons (5 percent)
8. Lack of Recognition (4 percent), indicating lack of worth

9. Favoritism by supervisor (4 percent), indicating lack of trust
10. Supervisors Poor Employee Relations (4 percent), indicating lack of trust.
11. Poor Working Conditions (3 percent), pertaining mostly to undesirable physical conditions, indicating lack of worth.
12. Training (3 percent), pertaining mostly to insufficient offerings, poorly conducted training, or denial of permission to attend training, indicating lack of perceived worth.
13. Supervisors incompetence (2 percent), indicating lack of trust
14. Poor Senior Leadership (2 percent), indicating lack of trust or confidence.
15. Supervisors Lack of Technical Skills (1 percent), indicating lack of trust and confidence.
16. Discrimination (1 percent), indicating lack of trust and hope.
17. Harassment (1 percent), indicating lack of trust.
18. Coworkers' Attitude (1 percent), indicating lack of trust.

Unfortunately, management is typically too busy or preoccupied to see when their employees are beginning to disengage from the workplace. "Some of the telltale signs of unhappy employees are absenteeism, tardiness, or behavior, which indicates withdrawal or increased negativity. Management needs to keep their eyes open when a valued employee experiences some disappointment, some oversight, or some situation that he or she may perceive negatively". (Branham 2005) Managers need to be

proactive and sit down with employees to on a regular basis to see how things are going.

After analyzing these preventable reasons that employees leave, Branham found that there are four fundamental unmet human needs: (Branham 2005)

1. The need for trust – people expect their companies and managers to deliver on their promises, to be honest and open in all communications.
2. The need for hope – people need to believe that they will be able to grow and develop their skill on the job and vial training, and have an opportunity to advance.
3. The need to feel a sense of worth – people want to feel confident that if they work hard, do their best , demonstrate commitment, and make meaningful contributions, they will be recognized as valuable assets.
4. The need to feel competent – people expect to be matched to a job that not only makes good use of their talents but is also challenging.

The Saratoga Institute study showed that compensation only accounted for 12 percent of all reasons for leaving. People only became frustrated with pay when they felt they weren't being paid equally with their peers or their superior performance warranted no extra pay. In general, good leadership, possibilities for advancement, recognition and job matching is critical to retaining employees.

How to Hire

To side step high turnover rates, companies must first hire quality employees. “Too many times employers try to match skills that are required for a particular position and subsequently pay no attention to a person’s integrity, honesty, intelligence, communication skills and willingness to learn.” (Davis 2006) A person’s technical skills may be irrelevant if the candidate does not have some of these other quality attributes. Also, avoid desperation hiring. Today’s hiring mistake is tomorrow’s headache. It is very hard to rid the company of a bad hire.

Think about diversity when hiring for retention. “Don’t be biased about age, shape, gender, or races because they don’t matter when hiring. Often people hire clones of themselves.” (Kaye 2002) Teams that are more diverse perform better than non-diverse teams. Diversity brings new ways to think about things, which will improve teams.

When looking to fill a position take a close look at the current job description making sure it outlines the ever-evolving needs of the company. When writing a job description, develop a list of criteria for a successful candidate to meet. Have the hiring manager do this function them self, which will help formulate the type of professional who will function most effectively on their team.

First look internally, current employees know the position best and have already demonstrated the dedication expected to create a successful business. The next best referral source will come from a valued friend or current business associate. Once all

personal referrals are exhausted the next options will come from a reputable employment agency and open advertising.

Once all applicants are in, sort through them quickly eliminating the weakest candidates right away. Focus on determining the subtle differences between the strongest candidates. Then create interview question that will help you decide if the person has the skills and personality traits that you need. "Create carefully crafted behavioral questions which allow you to learn how candidates handle certain situations. Consider using personality assessments in the interview process." (Kaye 2002) Happy employees perform at higher levels than generally unhappy employees do.

Set-up a phone interview right away, the objective is to get them talking to determine if they should be invited in for a formal interview. At all times remember the 80/20 rule, meaning that the hiring manager should be asking questions 20 percent of the time and listening to answers 80 percent of the time. Some good sample questions are as follow: (Davis 2006)

1. What would you say are the broad responsibilities of....
2. Tell me about your experiences with...
3. What aspects of your work do you consider most crucial?
4. Where have you been most successful?
5. What would you say are the major qualities this job demands?
6. Describe to me how your job relates to the overall goals of your department and company?

If at any time during the conversation a mismatch has been determined, bail out as quickly as possible. A manager should not second-guess a gut feeling. By the end of the conversation, the manager should have reached one of three conclusions:

1. The candidate is not able to do the job.
2. You are still unsure.
3. The candidate is able and motivated for the job.

Once the manager determines whom they want to meet with face to face, then they must choose whom they will be interviewing with. The more people who have an opportunity to interact with the prospective new hire, the more insight the manager will have when it comes down to making the final decision. For instance, they may want to have them meet with someone from human resources, possibly their immediate supervisor offering a tour of the building and finally with the manager them self in a more relaxed setting, possibly over lunch. Changing the environment to a more relaxed setting can give the manager an opportunity to evaluate the candidate on a more social level. It can also show the potential candidate the importance the company puts on employee satisfaction. After all, employees who are happy in their jobs are more willing to go the extra mile to insure the company is successful.

When interview feedback information is collected from all team members and all references and credentials are checked, then the manager will have a clear and easy decision to make. Now it is up to them to convince this person to become part of the team, to complete the manager's vision. When making a job offer to the prospective

candidate stress the positive factors. Things such as the company's reputation, a fun work environment, the possibility for advancement, the prospect of increased earnings potential with outstanding performance or simply an opportunity to be a part of something great. Remember that key people that go the extra mile are not motivated by salary. Managers must reinforce the fact that the candidate's contribution is meaningful to the company's objective, and allow the candidate to become vested in these objectives.

What To Pay

Common sense says that if the benefit package and compensation level that is offered is not competitive then a team of top performers will never be obtained. Do some research on what other companies in the industry are offering in the terms of pay scale, bonuses, and other benefits? "The offer that you are extending sends a message to the perspective employee about your commitment to motivating, recognizing, and rewarding employee performance." (Kaye 2002) Every organization should adopt a compensation program that places them at the median point of the market place. Once the organization is at the median then other elements of the compensation program can be analyzed on whether they fit the business objectives. In order for the business to be successful, the compensation program must align employee performance with business performance. Employees need to understand the expectations, why there are these expectations, and the potential rewards of meeting expectations.

Another option to entice talented prospects is offering a sign-on bonus. Offering a sign-on bonus will enable the company to keep the base salary in the median of the market while still enticing the prospect. A onetime-only sign-on bonus is also less likely to create hard feeling between old and new employees. Sign-on bonuses can range anywhere from \$1000 to \$25,000 for top executives. Most companies pay sign-on bonuses in one lump sum. Companies also require at least a year commitment of service from the employee or they must repay the bonus. An attractive benefit package is also a necessity to attract the most talented in the industry. Most companies include medical insurance, dental insurance, short-term disability, and life insurance. These benefits are very expensive and most companies require the employees to share in the high cost. Retirement or pension plans are ranked second to medical coverage in order of importance to employees, but still a necessity.

Keep in mind that a competitive wage and benefit package alone will not keep people on the team. "In today's ever changing market place, creative incentives must be ready to protect your top performers from the lure of head hunters. Employers are trying everything these days, from massages on Fridays to BMW giveaways." (Arthur 2001) These kinds of benefits make the company a fun and a relaxing place to work, which will in turn increase productivity. However, do not forget that the most valuable benefit of any job will not cost the company one penny, it comes in the form of genuine appreciation of a job well done.

Orientation Leads to Retention

Once the new team member is secured, they must feel welcomed and an important addition to the team. Many times, we choose the right people but fail to support them as they assume their new roles. New hires often feel as though they have moved to a foreign country, speaking a different language. Finding the answers to even the most basic questions can be a struggle. Such as, where is the bathroom? Where do I park? Whom do I talk to about getting a stapler? All of these things can be very nerve-wracking, not to mention the uncertainty they have about proving themselves as a valuable acquisition.

If several new employees are starting at the same time, put them together during the orientation process. This will allow them to bond together knowing there are others in the same position as they are. Be sure the person conducting the orientation process is a warm and welcoming individual who will make them feel comfortable. This would be a good time to cover basic information that is universal to all employees, which is touring of the building, where to park, restroom and lunchroom, etc. Allow time for the new employees to socialize amongst themselves and with the new manager. Have the manager offer personal information about his or her own first day or even something from their personal life to create a connection. The purpose is to get them to feel as though they are part of the “company family”. “A successful orientation process will help new employees form an attachment to the companies mission as well as improve their productivity within their positions.”(Brown 2007)

The new employee orientation process should begin before the employee even starts. Employers need to get a head start on the new employee's arrival to insure creation of an effective, successful working relationship. Before the employee arrives you should: (Berkley 2008)

- Notify everyone in your unit that a new person is starting and what the person's job will be. Ask the other staff members to welcome the new employee and encourage their support.
- Prepare interesting tasks for the employee's first day.
- Make a copy of the job description card, job vacancy listing (JVL), job performance standards, campus organization chart, and your department's organization chart.
- Enroll the employee in the New Employee Orientation class through the Employee Development & Training Unit in Human Resources.
- Make sure the employee's work location is available, clean, and organized.
- Make sure a copy of the appropriate personnel policy manual or contract is available for the employee.
- Have a benefits information package available.
- If possible, identify a staff member to act as a buddy for the first week.
- Put together a list of key people the employee should meet and interview to get a broader understanding of their roles
- Arrange for a building pass, parking pass, and IDs if necessary.
- Draft a training plan for the new employee's first few months.

On the first day, a new employee may be anxious about starting a new job. Try to create a comfortable environment and remember not to overwhelm the new employee with too much information. Orientation is a continuing process, so there will be plenty of time to give the employee all the necessary information. On the first day, give a warm welcome and try to reduce any nervousness the new employee may feel while discussing the plan for the first day. The employee should be introduced around the office to staff members.

“The orientation process is not over after the first day. Over the first few months management should hold follow up meetings to discuss the employees overall impressions. Find out what the person should have learned but did not.” (Brown 2007) Discuss how the employee perceives the department so far and if there are any problems or concerns. Spend time explaining the companies structure and talk about where the department fits in and how it relates to other departments. Discuss performance evaluation process and explain that a performance plan will be developed together, discussing their progress and evaluating their performance. Explain the timing of appraisals and the methods used to measure progress.

When new employees start in a new company there is so much to learn and orientate to, that it can be very stressful. “One way to take the pressure off the new employee is to assign them a mentor. Be sure they meet them early on the first day to develop a personal relationship to make asking questions easier.” (Kaye 2002) Studies have shown that people with mentors are twice as likely to stay. New employees who

have a support system will become more cohesive with the company. Employees who feel supported are more likely to stay and grow with the mission. The mentor should be directing the new employee both professionally and socially within the company.

Choose people who will challenge others there by creating higher performance levels with both the seasoned and new employee. Also, remember that no one person has all the answers or can be solely responsible for another's success. Create a group of resources that new hires can call on that are relevant to different situations and problems. Mentoring has become a way to not only to transfer crucial skills and knowledge but also to inspire loyalty in new employees and emerging leaders. The new employees will also develop much quicker in both leadership and technical skills.

A few key attributes for the mentors to remember are to model, encourage, and nurture. "A good mentor models humility even when situations do not go their way and will gain trust and respect in the process. Encouragement needs to come in three forms, which are recognize, verbalize and mobilize. First the manager must notice something (recognize) then he or she must say something (verbalize) and finally he or she must do something (mobilize)." (Smith 2001)

When used in conjunction with each other these techniques can be very powerful. Nurture the employee's ideas, and be open to new solutions. Also, the relationship between the manager and the employee needs to be nurture. The manager must get to know them and let them know him or her. The manager must show them that they are approachable. Be creative with incentives to mentors, to help prevent them from being burned out.

Mentoring has become a way not only to transfer crucial skills and knowledge but to inspire loyalty in new employees and emerging leaders. Mentors watch out for the organizational well being of the new employee. A mentor educates and protects the new employee from stumbling.

“Early on in the orientation process, companies need to create connections for the new hire.”(Kaye 2002) Employees who are involved in the company and have strong ties with other employees are easier to retain. Companies should invest in employee activities to try to band the employees together.

Managers

Interpersonal skills are the most important attribute of the management team. “A manager who knows his team on a personal level and still maintains a high level of respect will not only succeed on a business level but will also increase your employee retention.” (Kaye 2002) When employees feel a genuine level of concern from their manager they will respond with increased motivation and higher productivity. Over the years, we have seen management styles change with the times, but caring for people remains constant. It is evident that an employee who feels good about their job or their boss will contribute on a much higher level. It is human nature, that if someone is good to them and goes out of their way to make them feel special then they want to return the favor. There are not average employees only average managers. There is always untapped potential in people just waiting for the right motivation for that potential to come shinning through.

Now, how does a manager cultivate these qualities into reality? What exactly are these qualities that make people feel needed? (Smith 2001)

- Good communication skills
- Ability to set a good example
- Appreciative of what others have done
- Ability to show genuine concern for others
- Open to try new things
- Willing to listen to new ideas
- Ability to have fun at work

The company must take leadership to a new level and develop a team of quality management form. One way to do this is to consider employees the internal customer. Spending more time and focusing on the internal customer will have an equal reaction from the manager's employees in the form of increased productivity. It is not easy to get people to buy into this mindset that employees need as much attention as the product.

“Leadership training for your managers is a must, in order for everyone to share in your people-first philosophy. In depth training that deals with aspects of their personal life and their professional life allows them to have an open mind to new approaches. This type of standardized training ensures that every manager comes out speaking the same language and gives them the same techniques for solving problems and implementing strategies for success.” (Smith 2001)

Once the focus has shifted onto the internal customers (the employees), they now have a voice and course of action. In most companies, this would be the Human Resources (HR) department, which would be responsible for employee related issues. Unfortunately, in most companies the HR manager has no real power or authority to affect a change. According to Here Today, Here Tomorrow, LaRosa's Pizza Company created a position called the chief people officer or CPO who sits on the executive board. This allows the employees to have a voice in issues that directly relates to their everyday performance. At La'Rosa, all executive board members have a people-first philosophy.

To insure that this people first technique is working effectively, La'Rosa requires all managers to meet weekly with each new hire during the first month of their employment. This feedback, will tell the company how effective the training process is going. When companies hire for attitude and trains for skills, make sure that the new hire does not lose their excitement during learning process.

Managers must be held accountable for retention of their employees. Companies need to set up retention goals with all their managers. People do what is inspected not expected. Rate the managers against their goal and reward them accordingly. Spotlight the top retention managers just the top productive mangers.

Managers must also energize the job. "Your best employees need new tasks that force them to be creative and challenge them on a regular basis or they will get bored. Solid employees with high potential suffer discontent and find ways to

disengage. Managers must structure ways for employees to get growth and challenge so they don't leave the organization." (Kaye 2002)

- Give employees room to be creative and initiate new ideas
- Promote setting and achieving personal and group goals
- Allow employees to see the contributions to an end.
- Challenge employees to expand their knowledge and capabilities

Managers must be development minded for their employees. People love to work for someone who cares enough to help them with their careers. They'll actually stay a little longer with a development minded manager. A managers efforts could save talent for the company.

Employee surveys are also a good tool to ensure that a particular management style is working for the employees. Try surveying the employees on issues such as pay, benefits and recognition. Allow employees to evaluate their managers specific performance as their boss. A good time to do this is during the annual performance reviews. This empowers the employee and reinforces the philosophy of people-first.

Some good areas for your employees to share their input are: (Smith 2001)

- Communication
- Accountability
- Quality
- Professionalism

These reviews should be administered by the chief people officer and used to address specific behaviors that require improvement from the management team. Another good tool to improve a manager's leadership skills is to implement 360-degree surveys, which means to gather input from subordinates, peers, superiors and even customers. Managers who retain staff start by communicating clear expectations to the employee. "They share their picture of what constitutes success for the employee in both the expected deliverables from and the performance of their job." (Heathfield 2007)

The universal reward for managers has always been and will always be praise, praise for a job well done, praise for always being there, praise for just doing the job. Regardless of personalities, everyone wants to hear how valuable they are to a team, to know what a difference they made on a project, and even to hear it repeatedly. Try to catch them off guard, try to focus praise specifically on an individual task. Take it one step farther by taking an employee to lunch at an exclusive restaurant or very privately with a hand written thank you note. At the top of the scale is publicly and in writing, take five minutes in a staff meeting to acknowledge their hard work with a letter of appreciation. Effective communication is the number one most common reason for employee turnover.

Recognition is not always enough. At times, reward is warranted. Try to think outside of the box. Every company on the corner is offering comp time and travel points. What else do people want?

Time is definitely a place to get started. Everyone appreciates more time with his or her family. Family or personal life is what re-energizes people especially when it is unexpected. For example, like giving the team the afternoon off or letting a key player sleep in instead of coming to the morning staff meeting.

Toys are always a great gift. Try to think of something personal or even something that will be appreciated by the whole team, such as an espresso machine or maybe a dartboard in the lounge. Be sure it is significant to the team. Remember who is being rewarded.

Some people like to line their walls with trophies and trinkets. A nice plaque, a substantial trophy or a framed certificate are all very meaningful. On a lighter side, it could be a traveling trinket, one that is presented to a new recipient each month, such as the “Gumby” award presented to the most flexible teammate. When the meaning is promoted, it can become a valuable treasure.

Consider giving a deserving employee a rare opportunity. An opportunity that might open a door for future advancement, like giving a critical presentation to senior management, or something more fun like a chance to ride in the company jet. Consider allowing an inspired employee an opportunity to learn something new. This might just pay itself back tenfold, when given to the right person.

Reward a team with something fun for everyone, such as a pizza party or take everyone bowling, plan a company softball game on company time. Let the managers show their employees that they are fun and easy going. This will help them gain the trust of their employees, which will make them a more effective leader.

What kind of freedom would employees appreciate? Would they want flextime, the ability to work from home, or possibly to dress more casually at times?

Of course, there is always money. Big money, small money, any amount of money is always appreciated. A small sum of money given on the spot can really move a person. Tell them what a great job they have done and then give them \$200 and tell them to go buy a toy they have always wanted. Big money might be a little harder, but just be honest with what a manager is able to give and if they cannot meet their expectations ask them what else they may want. If managers are patient, they will be surprised with the alternatives that appear. However, research has told us that money is not the major key to keeping good people. One of the biggest myths is “People most often leave a company for more pay. More often the causes leading to departure are related to issues that were unsatisfying in the job or company” (Unknown 2007) More importantly, people want to feel appreciated for a job well done, to be noticed for their efforts and to be treated fairly and kindly. Do this and the retention levels will go way up.

OPPORTUNITIES

Employees need to feel rewarded, receive recognition and have opportunities for advancement to maintain their dedication to the company. Once any of the aspects begin to decline, people seek out other avenues. Most people have an idea of where they want to be in five years, ten years and even when they want to retire. If managers are not able to meet their expectation of their career path, they will look elsewhere.

The primary goal of the managers should not only be to achieve the company expectations but also to prepare their people for advancement. Allowing people to grow with new challenges and opportunities will also increase retention. “When people feel the freedom to grow and create they will prosper and so will your bottom line.”(Kaye 2002) In order to achieve this, a company must invest in the training and education of its employees. Training and development makes sense for both the individual and the organization. People who feel the freedom to try something new or the option to further their education are less likely to look for opportunities elsewhere. It is a win, win situation.

The younger workforce holds training, education and degree completion programs as a very valuable benefit. Their primary goal is to move up with the prospect of making more money. They realize how competitive this job market is and they do not want to be left behind. The good thing about this is that it accomplishes both organizational and personal goals. Furthering the employees training will increase their ability to take control of their jobs. Increasing their independence will free management up for other more important tasks. Well-trained employees are more capable of handling issues with customers, by keeping the customer happy, which will improve the bottom line. If people understand the business plan, they will complain less, they will be more satisfied and they will be more motivated to achieve higher goals. Managers that care about their employee’s career path will make a lasting impression and earn lasting loyalty.

Help employees develop their career ladder. Have the manager sit down with their people to highlight what skills they need to improve or what additional education that they need to move up the ladder. Make it clear that management cannot guarantee promotions but they want to give them every opportunity to acquire new skills. Get them thinking about their hopes and dreams and what it will take to accomplish them. Define what goals management needs them to achieve and outline what additional training they will need to achieve these goals. Creating a formal developmental program will give the person a sense of direction as well as a sense of career progress. Do not forget to monitor their career plan to keep them on track and to ensure that their efforts have not gone un-noticed. Plan to meet with the employees at least every six months to re-evaluated and modify the plan as needed.

This generation wants to feel as though they are contributing to the company's objectives. "One way to do this is to invite them to participate in discussions of strategic goals this will also reinforce the fact that they have a stake in the financial success of the company." (Smith 2001)

This opens their minds to become vested in both operational and financial goals of the company. Once again, this will reinforce the impact they feel they have on the organization. People who feel needed and important are happier and more productive; this will increase their dedication to the company.

The right job title will motivate people on many levels. They will be more productive and take on more responsibility. Their peers will look up them and motivate themselves to perform at a higher level. Job titles lend respect and self-esteem, making

people feel accomplished and important. Some people will even choose a better job title over a pay increase. Job titles are rungs on the career ladder and an integral component for advancement. The ultimate goal is to energize people and make them feel good about their job. If a more prestigious job title is what it takes, then why not. Again, it is a win, win situation. In reality, a more prestigious job title is just another way to recognize and reward employees.

“Managers must be trained to be opportunity minded for their employees. The old saying holds true, if you do not allow your employees to move up then they will be moving out.” (Kaye 2002)

“The following is an opportunity audit to determine how opportunity minded you and your managers are. Using the following scale, write down the number that best indicates the extent to which each statement is true for you: 1 = Rarely; 2 = Sometimes; 3 = Usually; 4 = Always.” (Kaye 2002)

- I am at ease when considering other people’s viewpoints.
- I seek and use new technologies for improving productivity.
- I know the trends in the marketplace and I can tell you what competitors are doing and why.
- I take an active role in professional groups.
- I network to help launch and support my career growth.
- I am flexible about adjusting plans when the first or second attempts fail.
- I am quite comfortable interpreting the “gray” areas of policy and practices.
- I let my career interests be known through formal and informal channels.

- I know how to connect people and information, and other seek my help in gaining access or information.

If a manager scores 27 or above then they are probably already seeking, seeing and seizing opportunities for both them self and their employees. To retain the best talent, managers must find opportunities for their employees on their terms or they will find it elsewhere.

In order to seek opportunities, managers must be positive and open to change. Change is always a good thing and always opens doors for new opportunities; management just has to be ready and waiting to seize the moment. Some people walk around only seeing the negative or black cloud on the horizon, those people are unable to take control of their own destiny. Change is an opportunity to create something bigger and better than it was before.

Schedule development meetings with the employees and ask them what types of opportunities they are seeking. Keep the discussion focused on their career path and brainstorm together to create opportunities to enrich the job they currently hold. Stay up to date on opportunities available with other departments.

Most of us immediately lock on to one perspective and remain focused in our own viewpoint. A person's eyes must be wide open to see opportunity when no one else does. Managers can shed the right light, pointing out the features and distinctions. They can turn the opportunity around or upside down to make it more visible, but they have to be willing to mold and modify an opportunity into what fits the organization and

employee for the common good. Anyone can apply for a job opening to move up the career ladder, but creating a new and exciting position for employees will increase their job satisfaction and loyalty to the company.

If management hopes to keep the talented people in the organization, they must become opportunity minded. These people need to be challenged to learn and to do meaningful work. Management must be glad that they have ambitious employees and recognized that together they will do great things.

Motivation

Management must figure out what motivates their employees and create an atmosphere where their employees can continue these motivations. “Tapping into intrinsic motivators is the key to increased quality and quantity levels. An intrinsic motivator is the desire to do a good job, to take pride in their work, a sense of professionalism, love for their work and self-respect.” (Aguayo 1991) It can be many different things for different people. The key to improved quality, thereby increasing productivity, is for management to foster intrinsic motivation. Management can do this in many ways; first, they must identify the barriers that their employees encounter on a daily basis. Some of those barriers might include poor training, poor supplies, poor design of the product, inadequate production facilities, out-dated equipment and tools or lack of cooperation between departments. “Things that could be reducing your employees pride in their work might include an unsatisfying reward system, having to produce an inferior product, or because the number of units produced is management’s

sole concern.” (Kaye 2002) If management does not promote intrinsic motivation and create an atmosphere where people feel passionate about their work, inevitably they will lose them.

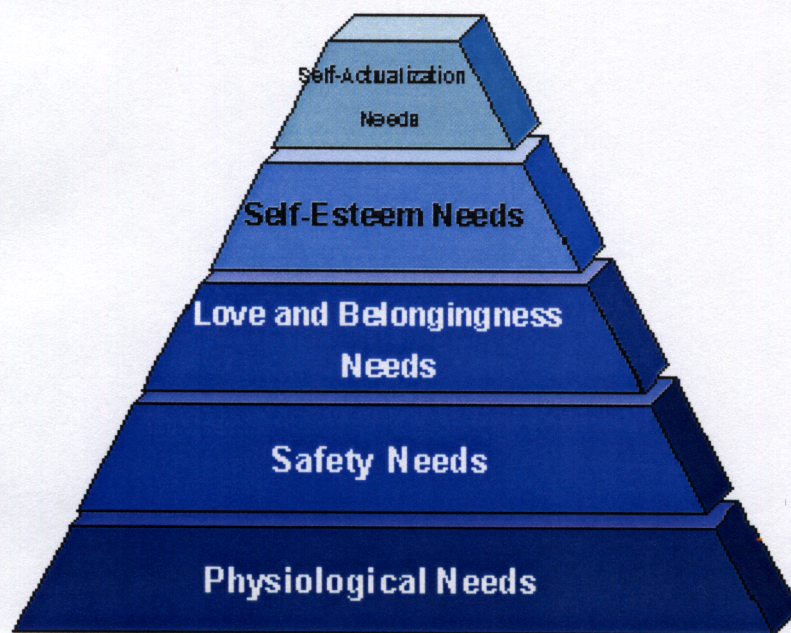
People, who are passionate about their work, do not even feel like they are working. The key is connecting the right person with the right job to cultivate this enthusiasm. People will function at a much higher level when they are doing what they love. So how does a manager find what people are passionate about? It is easy. Management needs to ask and keep asking until they are able to put their passions to work. Consider asking the team as a group, giving them an opportunity to think aloud and to build on one another's creativity. This will bring everyone closer as a team and increase their trust in management. Help employees to uncover what may be impeding their passion and work to remove the barriers. The bottom line is that people, who love their work, do it very well.

In 1954, Maslow first published *Motivation and Personality*, which introduced his theory about how people satisfy various personal needs in the context of their work that a person could not recognize or pursue the next higher need in the hierarchy until her or his currently recognized need was substantially or completely satisfied. Maslow's Hierarchy of needs is shown in figure 1. (Unknown 2008)

“Individuals often have problems consistently articulating what they want from a job. Therefore, employers have ignored what individuals say that they want, instead telling employees what they want, based on what managers believe most people want under the circumstances.” (Berkley 2008) This is a poor way to motivate employees.

Managers need to listen to their employees and motivate their employees based on what the employees say they want.

Figure 1 – Maslow's hierarchy of Needs



Procedure and methodology

ABC Employee Survey

Many companies today fail to do everything they can to retain the right employees. The objective of this research project is to determine the areas in which ABC is performing well and where they are falling short. This will help ABC create a stronger company where employees are happy, motivated, and goal oriented. In an effort to reduce scope, the research was limited to Generation X and Y employee population. The majority of this demographic has no pension or retirement health care benefits tying them to the company. This coupled with poor retention policies have the potential to create retention problems at ABC that could lead to problems with production today as well as in the future.

Given the state of the economy, retention is likely not on the forefront of employers minds. However, companies must remember, when they are making cuts to salaries, benefits and employees themselves, these actions can cause retention problems in the future and have the potential for long-term problems keeping their company running. They must keep in mind that their policies, as well as their treatment of employees will cause positives and negatives in performance in the future. Often times in a poor economy, employers focus on everything but retention of employees while they should be focusing on it. With the state of the economy, retaining the best employees is a necessity that will keep companies successful. Another poor practice is just allowing general attrition of employees without paying close attention to “who” the company is losing. This could cause some major shortcomings in many job categories

causing the remaining employees to get frustrated. As employees retire or quit the remaining employees are left to pick up the pieces completing tasks for the recently departed employees.

Demographics

This research group was selected based on the age of the employees. The job title of the individual survey participant was not differentiated in this survey, and the research group consisted of all job titles at ABC including business professionals, managers, engineers, as well as union and non-union laborers. Figure 18 in Appendix III shows the age distribution of the employees surveyed.

As the workforce transitions from previous generations to the X and Y generation, companies will have to adjust their human resource policies to fit the younger workforce. In order to understand the new generation of employees, a survey was performed asking questions related to some of the common short comings of employers today when dealing with this very different demographic. The research was a survey of approximately 60 employees in the X and Y generation at ABC. The survey consisted of 28 questions that were devised from a smaller subset of questions expanding them into more detailed retention questions. Other than three demographic questions, the remaining 26 questions were given the multiple choice answers of strongly Agree, agree, disagree, strongly disagree, and undecided. This answer format would give enough differentiation to understand how ABC is performing.

This research should show the adjustments required by the company to improve their retention statistics of the generation X and Y employees, therefore improving the bottom line of the company. The surveys main focus was around the following retention questions:

1. What affect on retention does employee happiness have?
2. What affect does management have on retention?
3. How do employee opportunities fit into employee retention?
4. How does quality leadership affect employee retention?
5. How can orientation improve company's employee retention?
6. What affect on retention does motivation have?

These six questions were analyzed and expanded into several narrower questions, which would give a better understanding on how ABC is performing in employee retention. For example, an employee's happiness can be broken down into the questions "I am challenged at work." and "I have good relationships with my peers at my company." The first question points to when employees are properly challenged they feel motivated to work hard to complete the required task. The second question relates because employees who have good relationships with their peers feel a stronger bond to the company. They tend to have a harder time leaving their friends behind for another job. Each of the 26 questions listed in Table 2 of Appendix I was created to better understand the employees of ABC.

Question Pro Survey

Distribution and analysis of survey can be cumbersome, so an online software tool was used to distribute the survey to the generation X and Y workforce at ABC. After analysis of the available online software, it was concluded that Question Pro offered the most gain for the least monetary investment. Their online software had zero learning curve which helped increase focus more on the survey questions and less on creating the survey. The software had automated templates which made entering the questions easy. The tool had automated multiple choice answers that were selected from drop down menus.

Once the questions were set for the survey, the creation of the online survey was completed and distributed. The survey was sent to a pilot group of five people to verify that all the questions made sense. The pilot group helped verify that the questions asked were giving the results needed to understand how ABC is performing on employee retention. They also recommended several subtle changes to the questions including rewording several questions negatively to keep the survey takers honest.

After several revisions, the survey was sent to approximately 60 people fitting the demographics requirements of research project. The survey group was sent an email requesting their participation in an online survey about “Working at ABC.” The full email letter is shown in Appendix II. The email survey was received well by the survey recipients. The participation level was excellent.

Data Collection

The survey email request was sent to 60 possible survey participants. Due to research deadlines, they were given 14 days to complete the survey. Of the 60 people the survey was sent to 46 people went to the website and started the survey. Of those 46 people, 40 completed the survey and were included in the survey results.

Within the survey there were three demographics questions which were used to determine age, sex, and years of experience of the survey participant. The age demographic was used to verify that all participants were in the X and Y generations. The remaining questions were graphed into bar charts and analyzed to get a better understanding on how ABC is performing on retention.

The ABC Employee Survey results were compiled using the online Question Pro software. The software automatically compiled the results and created a full report for analysis. The use of strongly agree, agree, neutral, disagree and strongly disagree make the analysis into a data easily ratable. For the purposes of this survey, it was assumed that the possible answers are symmetrical around the neutral viewpoint and therefore the bar charts are symmetrical.

Survey Results

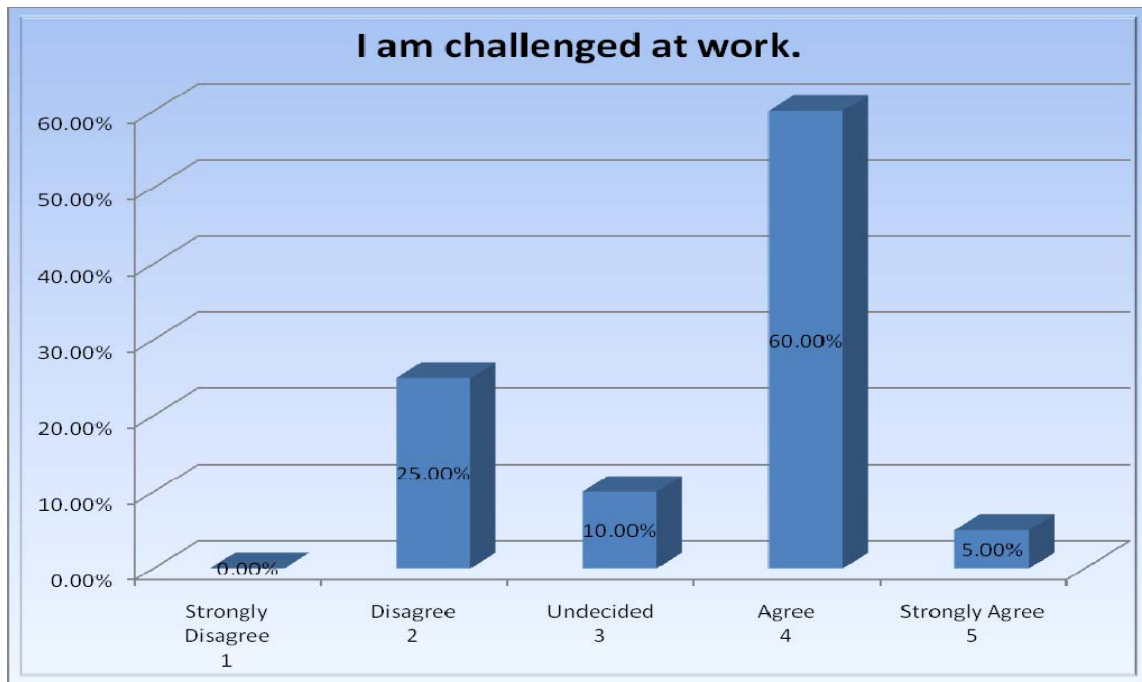
Employee Happiness

How does employee happiness affect retention? What makes employees happy? Are some employees' happier people in general than others? In the book Love Them or Lose Them the author writes "When writing interview questions, create carefully crafted behavioral questions which allow you to learn how candidates handle certain situations. Consider using personality assessments in the interview process." (Kaye 2002) Generally, happy employees perform at higher levels than unhappy employees.

Does the quality of work affect employee happiness? Is challenging work a requirement? With most professionals, challenging work is very satisfying, which in turn improves overall employee retention. Question 1 asks employees of ABC this question.

Question 1	I am challenged at work.
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This question is asking the employee if ABC has put them in a situation where they are challenged in their discipline. Is ABC keeping them motivated and happy or are they bored and refuse to perform to their full potential? 65% of the employees agreed they were challenged with 5% strongly agreeing. This is not surprising given the technical challenges of the work ABC performs. 10% were undecided and the remaining 25% disagreed. The results to the first question are shown in Figure 2 below.

Figure 2 – Question 1 Results

The 25% of employees that disagreed to being challenged at work shows that ABC still has room to improve. This is not surprising given the production environment, where some tasks are mundane and could be unchallenging. Some managers never ask their employees if the work is challenging enough. This is a good question that managers could ask to better understand their employee's state of happiness. Matching an employee's ability to a given task is the job of the manager and they should understand the employee's expectations and should match the difficulty of the task to the individual employee.

Takeaway 1

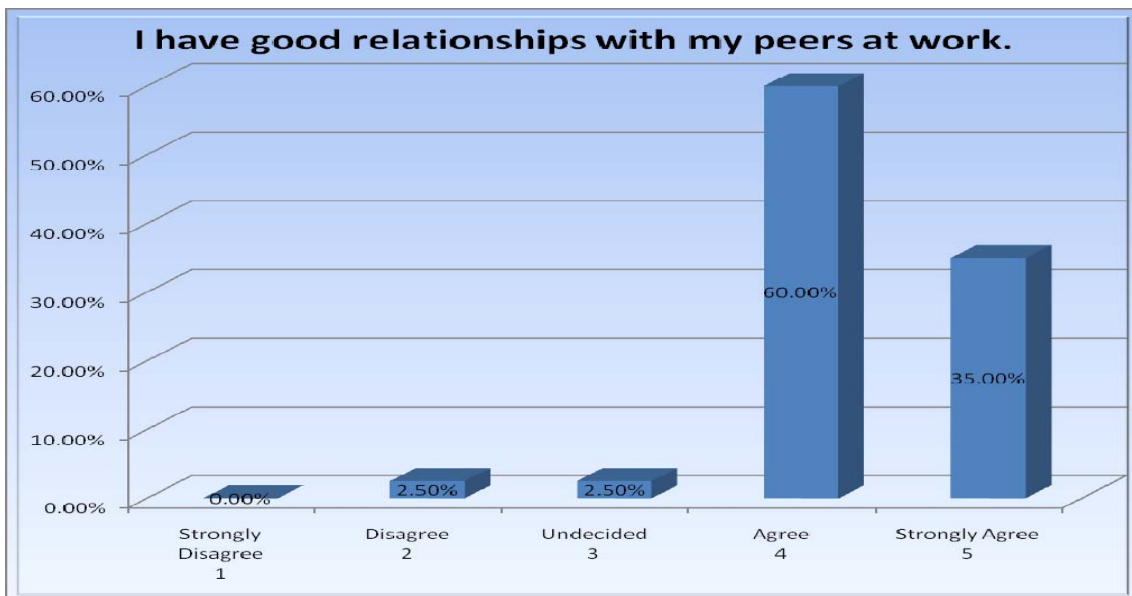
Managers must ask their employees if the work is challenging enough.

Friendly workplace relationships help facilitate a closer employee attachment to the company. Employees have a harder time leaving companies behind when they have to leave friends behind. Maslow's Hierarchy of Needs states that love and belongingness is one of five key factors that motivates employees. (Unknown 2008)

Question 2	I have good relationships with my peers at ABC.
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95% of employees at ABC either agreed or strongly agreed that they had strong relationships with their peers. The results to question 2 are shown in Figure 3 below.

Figure 3 - Question 2 Results



At ABC, the intricate production processes require a tremendous amount of communication and teamwork between employees. This level of interaction helps create strong bonds between employees. In addition, the facility layout ensures that a

large number of employees sit in close proximity of each other creating an atmosphere for employees to bond with their peers.

After reviewing the results to this question, it was hypothesized that more detail was necessary. Virtually everyone believes they have strong relationships with their peers, however, what percentage would stay with the company, just to continue to work with their co-workers?

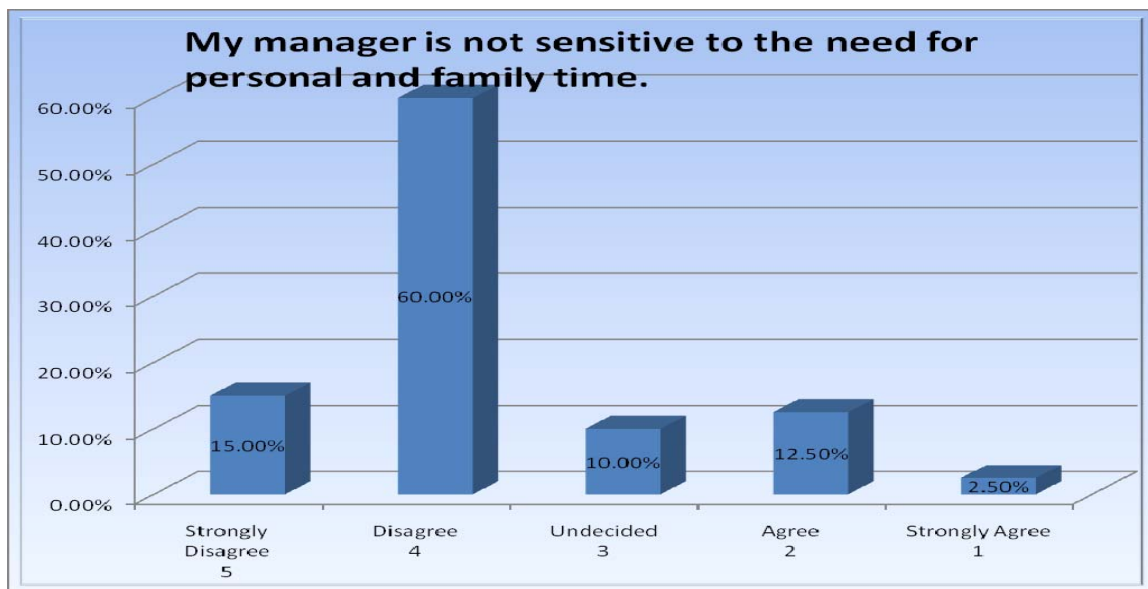
Management's Role

Is management doing the right things to retain their employees? What effect does management have on retention? As mentioned in the literature review, managers incorrectly believe that most employees leave because they are attracted away by better outside offers. In reality, this is not the case. People typically leave because of all the negative aspects of their current job. Poor management practices as well as workplace cultures essentially push them out the door. In order to understand how management is performing at ABC, several management relation questions were asked. The first management question in the survey relates to personal and family time.

Question 3	My Manager is not sensitive to the need for personal and family time.
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ABC performed great in this category with 75% of the employees disagreeing or strongly disagreeing. The results to question 3 are shown in Figure 4 below.

Figure 4 – Question 3 results



ABC has implemented a flexible work schedule allowing employees to work hours that fit their schedule. This, combined with management's approval, allows employees many freedoms that they appreciate. ABC has reviewed the possibility of adding an even more flexible work schedule to the plant, but at this time has determined it is unfeasible. Considering and implementing these progressive benefits for employees is the right direction to retain this new generation of employees. Family or personal time re-energizes people, especially when it is unexpected.

Personal and/or family time is an essential priority for X and Y generations. They are accustomed to comfortably living in step with the baby boomers where family time became more important than work.

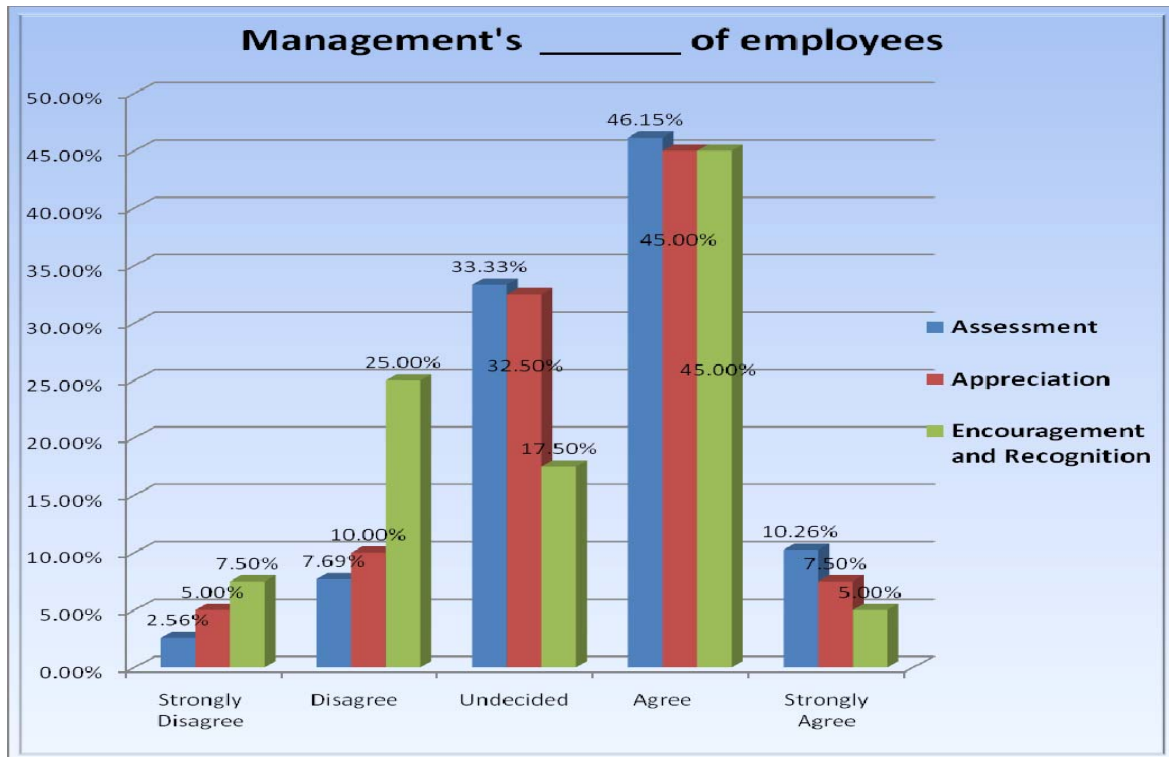
How easy is it to congratulate an employee on a job well done? Are managers properly assessing their employees? Herzberg's Motivational Factors research proved

that achievement and recognition were the top two intrinsic motivators with employee assessment in the top five.(Kaye 2002) Questions 4, 5, and 6 were questions relating to management's performance with these intrinsic motivational factors.

Question 4	My manager appreciates what I have done.
Question 5	I receive encouragement and recognition.
Question 6	I am correctly assessed by my manager.

Reviewing the results to these three questions shows that there is a large population of surveyed employees that are undecided regarding these key intrinsic motivators. Although over 50% agreed or strongly agreed with their managers performance regarding these motivators, there was still a large population of surveyed employees who were undecided, disagreed or strongly disagreed. With 33% of employees' undecided about assessment and appreciation, a large group can be turned in the right direction by training management in these key areas. The results to questions 4, 5 and 6 are shown in Figure 5 below.

Figure 5 - question 4, 5 and 6



Managers need to make sure their employees know when they have done a good job recognizing their achievements. Some managers fall short on this simple motivational tool.

Regardless of personalities, everyone wants to hear how valuable they are to a team, to know what difference they made on a project, and even to hear it repeatedly. Studies have shown that the X generation needs frequent feedback, so recognition is a requirement for this generation.

Takeaway 2

Managers must show appreciation for employee's efforts.

The results to the assessment question were a mirror image of the appreciation question. At ABC, managers use a sophisticated web based software package, which is used to appraise employees based on the employee's goals and how they achieved those goals as well as their behaviors throughout the year. Obviously, management does their best to understand their employee's performance and the software helps them rate them, but with any rating system, there are some shortcomings.

Leadership has made a commitment to removing quotas on employee ratings, which in the past have forced management to rate according to leadership driven distributions. This helps the manager focus solely on performance with no outside determining factors affecting their rating process.

Employee assessments should be separated from the Merit increase process completely and should be based on performance alone, not on where the employee fits in the pay scale. There should be no quotas related to how many employees exceed, meet, or underachieve. Managers must pay close attention to how their employees are performing and rate accordingly.

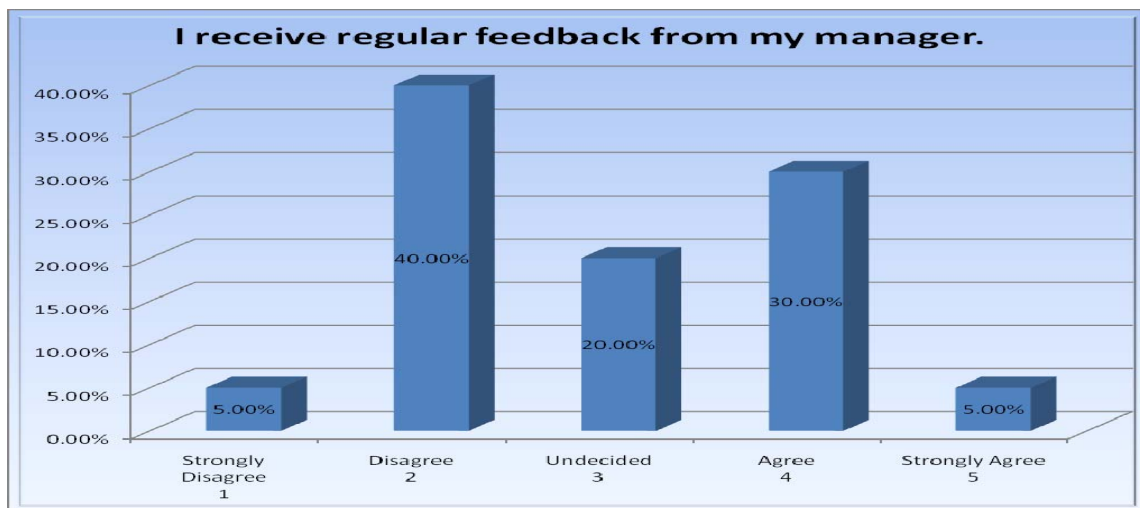
Feedback, positive or negative, is necessary for employees. It is the responsibility of all managers to supply this feedback. This will drive employees to perform better or at least to know where they are falling short. The following question asks how ABC is performing with management feedback.

Question 7	I receive regular feedback from my manager.
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ABC performed poorly in this category, which was surprising given the results of the previous three questions. Although over 50% of employees perceived that they received adequate appreciation, encouragement, recognition and proper assessment, less than 35% of those same employees felt they received enough feedback from their manager. With 20% undecided and 45% disagreeing, ABC needs to address the way their managers are supplying feedback to their employees. The results to question 7 are shown in

Figure 6 below.

Figure 6 – Question 7 Results



As a corporation, ABC has implemented requirements for management to perform mid-year reviews. The mid-year review assessment forces all managers to review the goals and provide performance feedback to their employees.

There has also been an implementation of one-on-one meetings, bi-weekly, for engineers and their managers. This time is a great time for managers to provide some feedback to their employees on their performance.

Another role for management is to help their employees progress through their careers. Do managers know their employees long term career goals? Are managers helping their employees achieve these goals. What is a managers role in their employees long term career plans? The following question addresses how ABC's managers are performing on this topic.

Question 8	My manager cares about my career goals.
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The results to this question were acceptable with 57.5% of employees indicating that their managers care about their career goals. There is room for improvement with 22.5% undecided and 20% disagreeing or strongly disagreeing. The results to question 8 are shown in Figure 7 below.

Figure 7 – Question 8 Results

Employees place growth and advancement as one of the key intrinsic motivators. When managers review their employees goals they should request that their employees develop long term goals. Managers must know their employees' career aspirations and help facilitate them through constant guidance. This shows them that management cares about their goals now and their future successes.

Takeaway 3

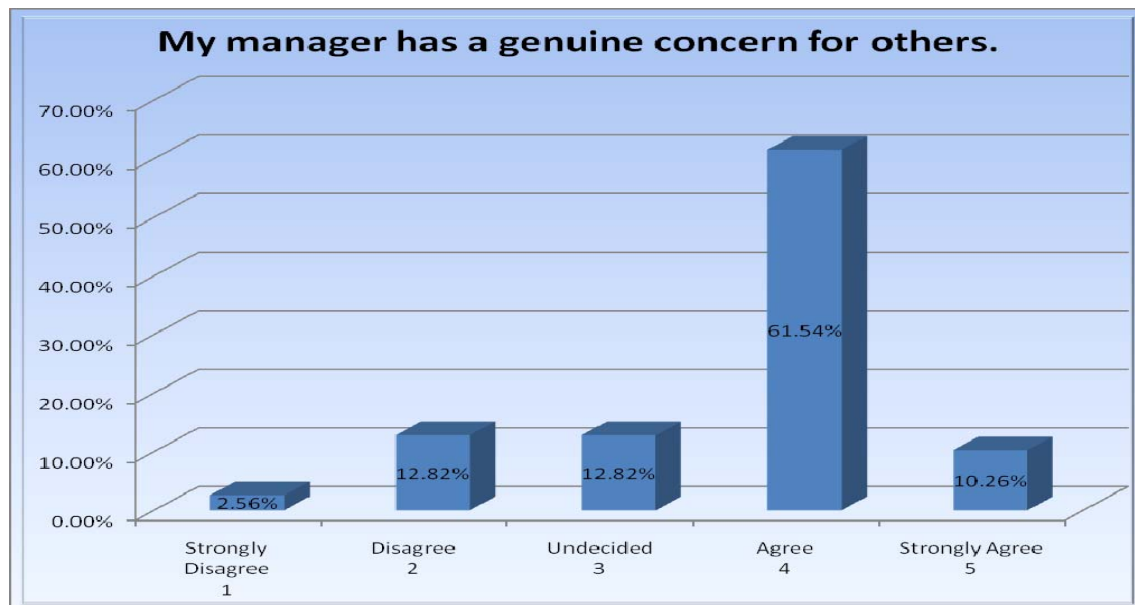
Managers must participate in the development of their employee's short and long-term goals caring about the future of their

Showing concern for others is a key personality trait of any manager. As managers get to know their employees, they need to show compassion and genuine concern for their well-being. Employees will appreciate this concern and work harder for their manager. Question 9 tries to get an understanding about manager's personal interaction with their employees.

Question 9 My manager has a genuine concern for others.

It appears that ABC is doing a good job of hiring caring compassionate people for their management positions. Approximately 72% of the people agreed or strongly agreed with their managers concern for them. The results to question 9 are shown in Figure 8 below.

Figure 8 – Question 9 Results



Manager's performance on the retention of employees needs to be tracked by companies to make it a priority in the eyes of management. This should be a metric that is recorded in the yearly assessments of individual managers.

Takeaway 4

Leadership must hold managers accountable for the retention of their employees.

When studying why employees leave, management plays a huge part. Based on the Saratoga Institute survey of more than 19000 employees referenced in the literature review, management accounted for 35% of the reasons employees leave. (Branham 2005) Companies need to track during exit interviews why employees leave. They should ask questions to try to understand what role management played in the loss, and correct any problems.

Employee Opportunities

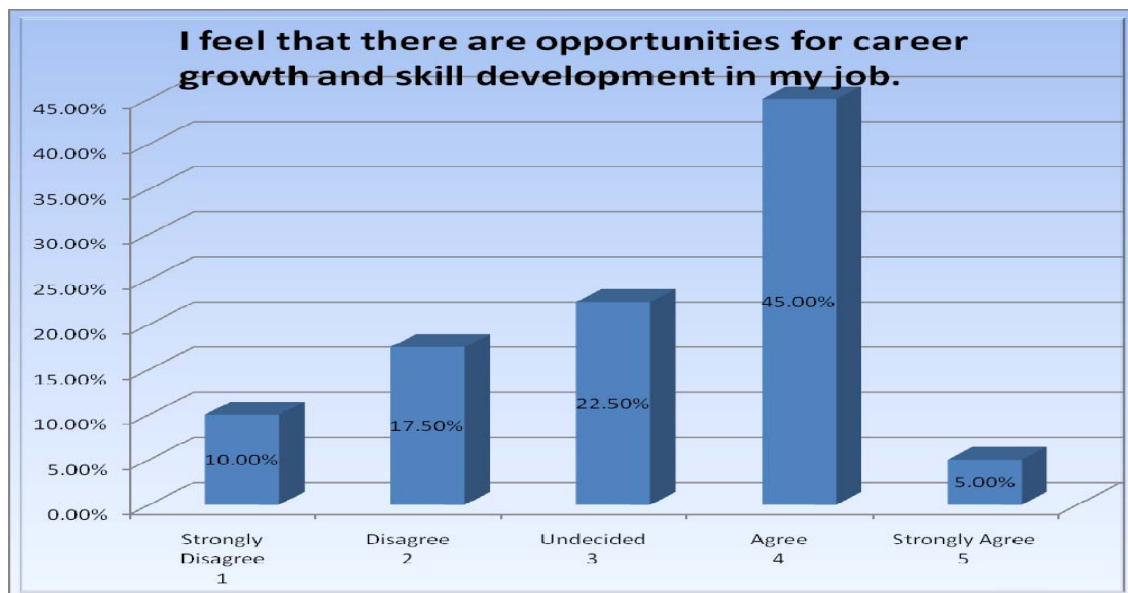
With an aging workforce at ABC, it should be assumed that in the near future the X and Y generation would be transitioning into the management and leadership roles. The average age of employees at ABC is 49 years old and there are employees retiring every day. These factors add up to many opportunities for younger employees.

Question 10	I feel that there are opportunities for career growth and skill development in my job.
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The results to this question are puzzling. With only 50% of the X and Y generation believing that there are opportunities, leadership is not a good enough job promoting these opportunities. They should be stressing these positive attributes about the company with all the employees every chance they get. With 22.5% undecided and another 27.5% either disagreeing or strongly disagreeing, this is one asset that the

company is not taking advantage. The results to question 10 are shown in Figure 9 below.

Figure 9 – Question 10 Results



Some of the undecided X and Y generation employees may be undecided about opportunities because at this point in the careers they have not thought about advancement into management. The company must continue to promote employees showing the workforce the progression of the company and outstanding future opportunities.

Takeaway 5

Leadership must promote the many opportunities that are available to employees.

Another reason employees are not seeing the many opportunities may be because the company continues to reduce the workforce. They may consider this more

detrimental to opportunities than the aging workforce. The company must stress that the downsizing of the company is minor compared to all the opportunities that leadership sees in the future.

Every company must create an atmosphere where employees can be successful with their personal goals as well as their group goals. The following question relates to how ABC is performing.

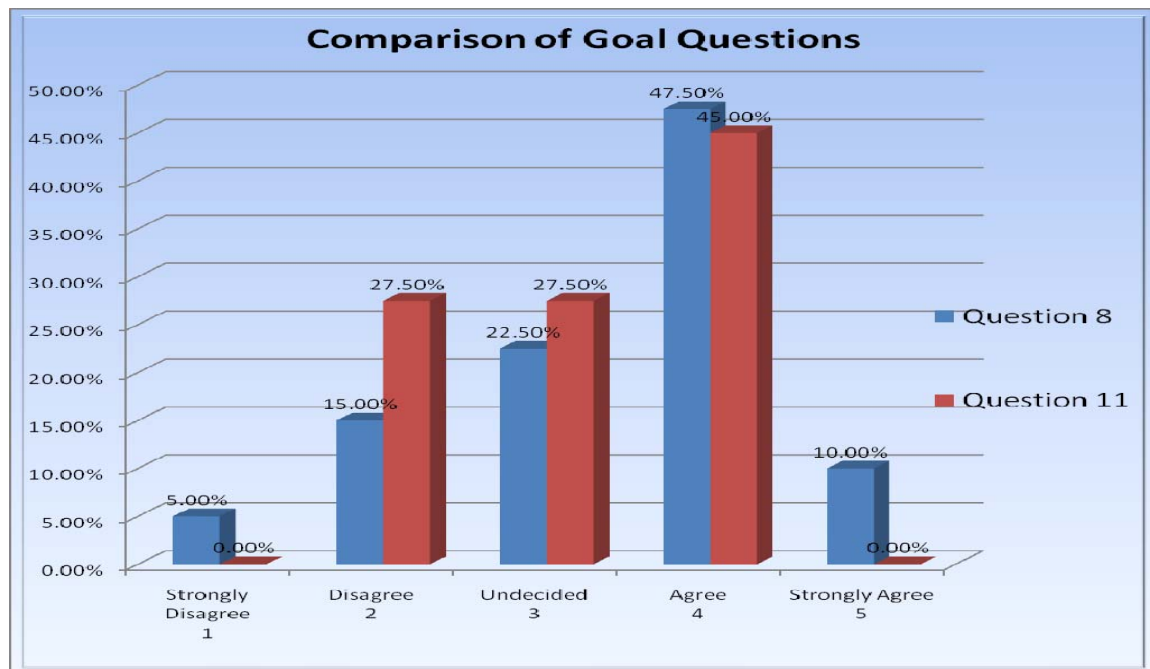
Question 11	I work in an atmosphere that promotes achieving personal and group goals.
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At ABC, the results to this question were surprisingly low. Only 45% of employees agreed while 27.5% disagreed with 27.5% undecided. After reviewing the results of this question it was postulated that it would have been beneficial to divide the question divided into two parts, separating personal and group goals. One of the surveyed employees left comments stating this fact. Someone may achieve group goals, but may not be achieving their personal goals or vice versa.

Considering management has the biggest influence on creating an employee first atmosphere, the results of this question correlate directly to question 8 of the survey which was “My manager cares about my career goals.” As discussed, managers must support their employees and help them achieve their personal goals. Leadership must assist management with this goal by training them the tools to support their employees. Leadership needs to stress the importance of supporting their employees’ goals and managers needs to make it a priority to steer their employees into the

direction they want to go. The results to question 11 are compared with question 8 in Figure 10 below.

Figure 10 – Question 8 and 11 Comparison Results

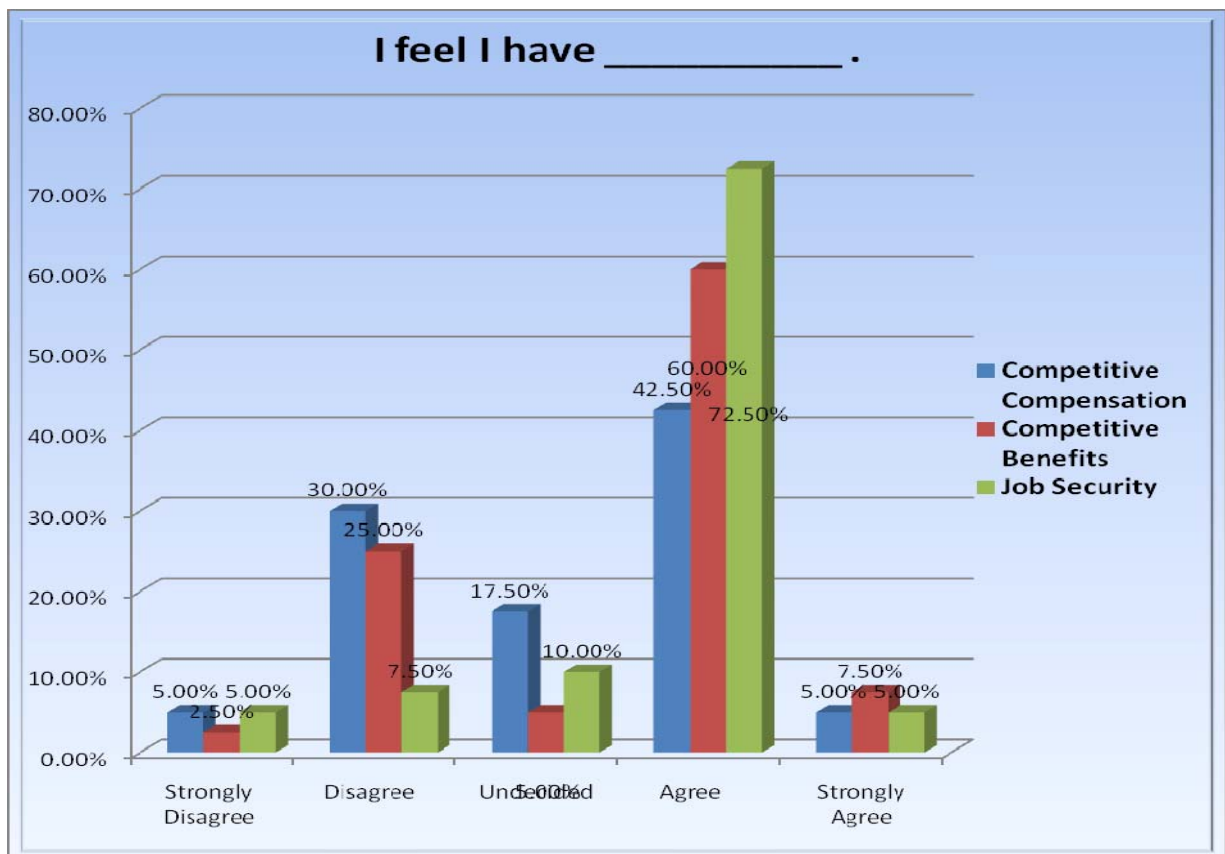


With X and Y generation in the workforce, compensation and benefits have become more important than in previous generations while job security has become less important. The following three questions cover compensation, benefits as well as job security.

Question 12	I feel I have a Competitive Compensation at ABC.
Question 13	I feel I have Competitive Benefits at ABC.
Question 14	I feel I have job security at ABC.

Human resource departments in every company continuously track salaries. Companies must pay close attention to their salary spreadsheets especially when working with X and Y generations. At ABC, only 47.5% of X and Y generation employees feel that they are fairly compensated with 35% disagreeing. These low numbers will lead to eventual retention problems if this is not addressed. Herzberg's Motivational Factors table shows that compensation is not one the highest motivators but it is important. (Kaye 2002) The results to questions 12, 13 and 14 are shown in Figure 11 below.

Figure 11 – Question 12, 13, and 14 Results



Another positive from the survey was that 67.5% of employees felt that they had competitive benefits while only 12.5% disagreed or strongly disagreed. Another good sign was that 77.5% of the employees felt they had job security in these poor economic times. This will help retain employees in the short term.

At ABC, many of the issues that employees have focused on has been work benefits. Employees have continued to want a more flexible workweek, focusing on the 9/80 workweek (9 Days per 2 week period for a total of 80 Hours). Leadership has continued to rule this type of schedule out because of union rules, discounting what the majority of the staff wants. This is fine as long as leadership does this for the right reasons. Regarding the 9/80 workweek, there may be no clearly visible benefit to the company, but leadership needs to understand that these types of benefits are in fact very motivational and beneficial.

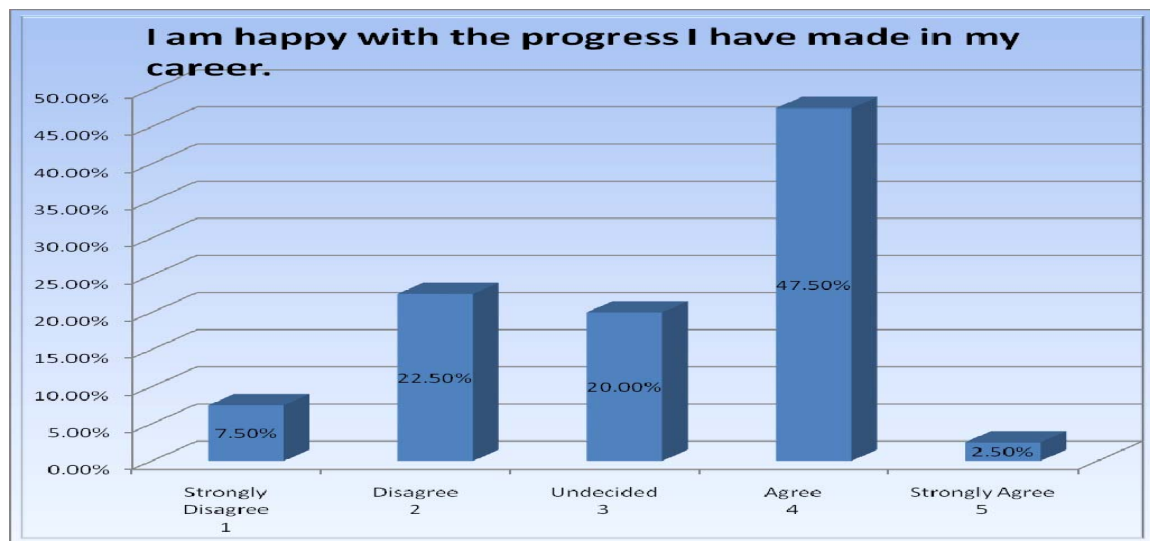
As the generation X and Y progress through their careers, one question that will drive them to stay or go is whether they are happy with the progress they have made in their careers to date. Employees at ABC want to achieve their personal goals and see opportunities for advancement.

Question 15	I am happy with the progress I have made in my career.
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When employees were asked this question, 50% agreed or strongly agreed while only 30% disagreed or strongly disagreed. 20% were again undecided which may be because many generation X and Y employees may not have thought about their long

term goals. Within ABC's web based goals software, managers should be requiring their employees to enter their long term goals as an aid for them to help mentor their employees. The results to question 15 are shown in Figure 12 below.

Figure 12 – Question 15 Results



ABC has done well in the past and must continue to help employees achieve their personal goals by continuing to provide programs like educational assistance, technical fellowship programs, and continuing education classes, as well career advancement opportunities. These things provide major value to the company as well as the employee.

Leadership's Role

What role does leadership play in the retention of employees? What affect on retention does poor leadership have? Based on the Saratoga Institute survey of more

than 19000 employees referenced in the literature review, poor leadership only accounted for 2% of the reasons employees leave (Branham 2005). This may seem like a small number, but based on a nationwide average of 14.4% employee turnover annually, this could cost ABC millions annually in lost productivity, cost of rehiring, and retraining. The following questions are regarding ABC's performance in the leadership category.

Question 16	I feel that I am properly informed about company initiatives and future direction.
Question 17	Leadership listens and acts on employee suggestions.

Two of the biggest leadership problems are keeping employees informed and listening to employee's recommendations. After reviewing the results of the survey, there is still room for improvement for both questions. 47.5% of the surveyed employees agreed or strongly agreed that they are properly informed about company initiatives and future direction, but 27.5% still feel uninformed with 25% undecided. Regarding the second question, 50% of employees feel leadership listens and act on employee's suggestions, but 30% still feel uninformed with 20% undecided. The results are shown graphically in Figure 13 below.

Figure 13 – Question 16 and 17 Results

The ABC leadership has tried to improve in these categories by presenting at All Hands Meetings quarterly, but employees still feel uninformed. ABC needs to speak more about what the plan forward is instead of giving performance results. They should also express what the long term goals of the plant are. The leadership needs to extend beyond leading their employees to defining the fundamental purpose and philosophy. The leadership needs to express this philosophy to all employees in the company helping the employees get the company where leadership wants it to go.

Leadership should also track and record the category of listen and acting on employee's suggestions. This would be easy to track and would prove to employees that they are acting on their suggestions. A simple web page highlighting these acts would suffice.

Takeaway 6

Leadership should track and record the category of listening and acting on employee's suggestions.

Orientation and Mentoring

Orientation is very important in employee retention. "A successful orientation process will help new employees form an attachment to your companies mission as well as improve their productivity within their positions." (Brown 2007) The orientation process should begin before the employee even starts and should not be over after the first day. "Companies must hold follow up meetings to get the employees overall impressions. They should find out what the person should have learned but did not." (Brown 2007) The following question is regarding the orientation process at ABC.

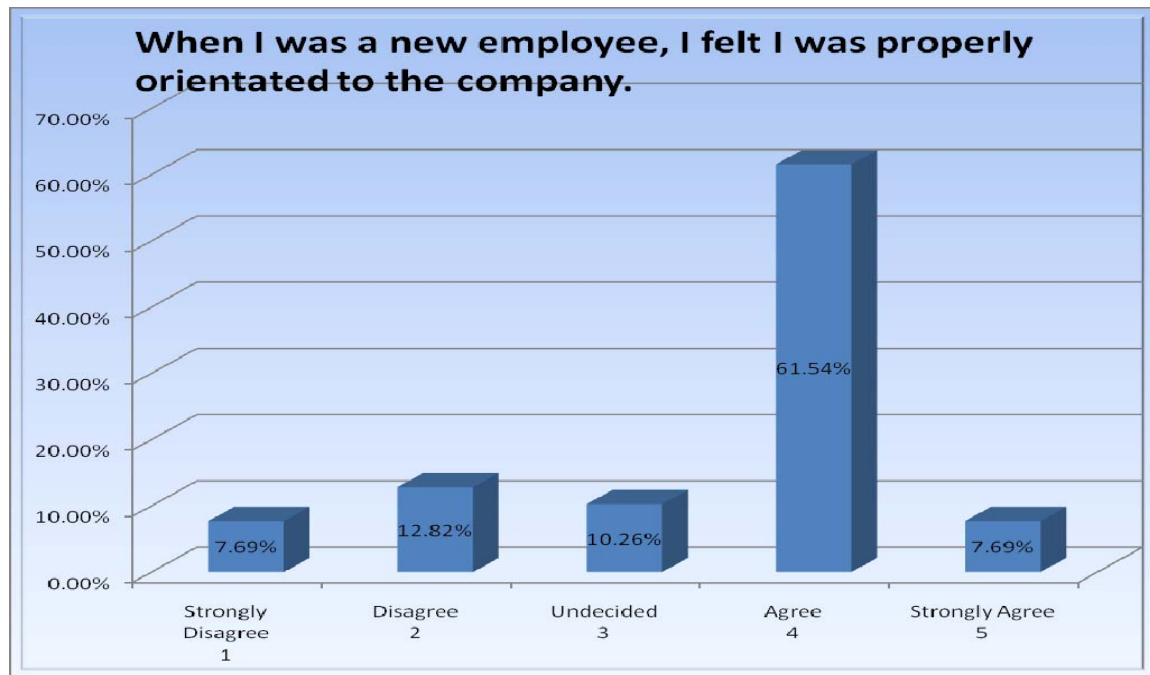
Question 18

When I was a new employee, I feel I was properly orientated to the company.

ABC performed well with this question with over 78% of the survey employees agreeing or strongly agreeing that they were properly orientated. ABC seems to do a good job with this in the eyes of the employee, but it still could be improved with follow

up interviews of the employees. The complete results to question 18 are shown in Figure 14 below.

Figure 14 – Question 18 Results

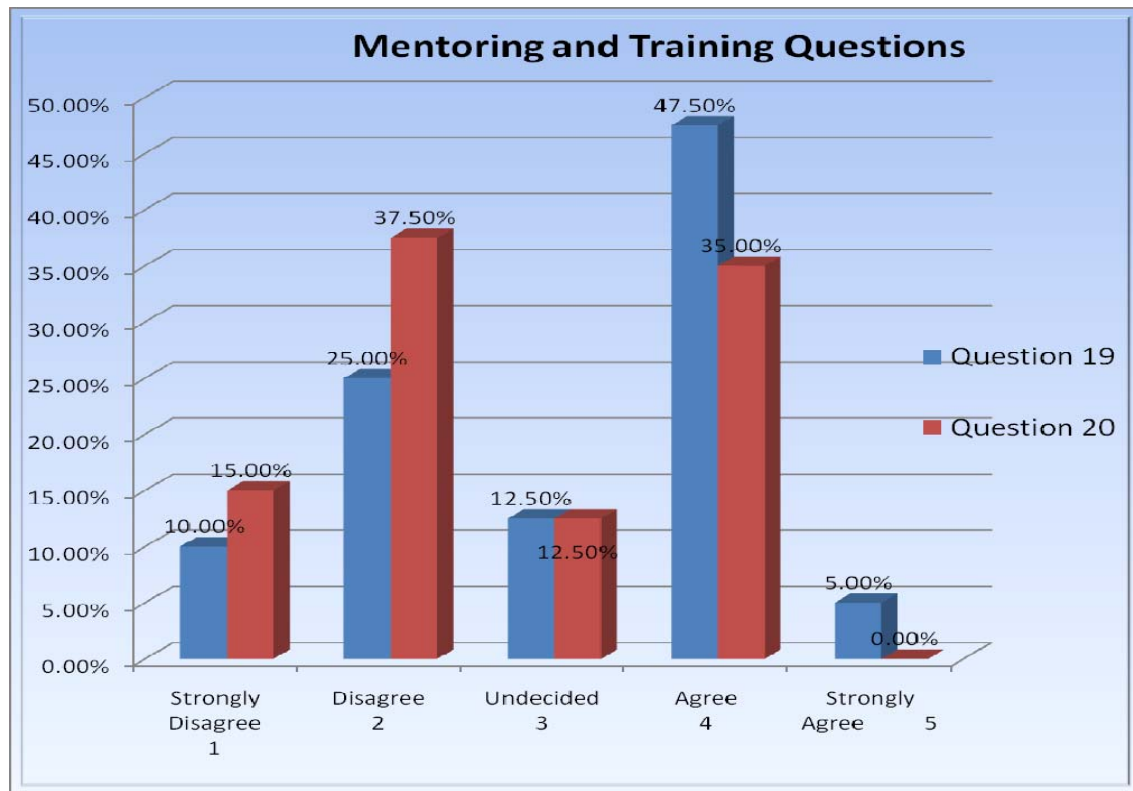


Mentoring new employees is key to the employees success as well as retaining the employee. Mentoring should start on day one during the orientation process. The following questions ask the surveyed employees at ABC if they were properly mentored and orientated.

Question 19	When I was a new employee, I feel I was properly mentored for my job.
Question 20	When I started, the company had a training plan in place to help orientate me to my position.

ABC has a mentoring checklist in place and does a fair job of pairing up mentors with new employees. 52.5% of employees felt they were properly mentored for their job while just 35% disagreed. Figure 15 shows the complete results to questions 19 and 20.

Figure 15 – Question 19 and 20 Results



Things that ABC could work on are, pairing up employees with similar backgrounds, trying to create bonds that tie the new employee to the company. They should get new employees involved in company activities, which should be outlined in the mentoring process.

Takeaway 7	Management should pair mentors and protégés with common demographics to try to create bonds early with employees.
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Takeaway 8	Managers should hold follow up mentoring meetings with new employees to analyze progress of employee adapting to the new job.
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Employee Motivation

Motivation is that internal state of mind that drives people to work hard.

Companies want motivated people working for them. Companies must seek to understand what motivates their employees. “Tapping into intrinsic motivators is the key to increased quality and quantity levels. An intrinsic motivator is the desire to do a good job, to take pride in your work, a sense of professionalism, love for your work and self-respect.” (Aguayo 1991) The key to improved quality and increased productivity is for management to use an employee’s intrinsic motivation to drive them to get the job done.

Are employees motivated at ABC? Generation X and Y employees are definitely motivated by different things than previous generations. ABC must learn what drives these new generations and change things to adhere to these new generations needs.

Question 21	I am not motivated to do a good job.
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With 75% of employees disagreeing or strongly disagreeing and only 17.5% agreeing on strongly agreeing, ABC has a motivated staff. The complete results are shown graphically in Figure 16.

Figure 16 – Question 21 Results



This question asks employees if they are motivated, but how true is their answer? Most employees see themselves in a better light than do their peers. Are they motivated to perform to the best of their ability? Another question to ask might be, "What level of effort do you put out on average to complete your assigned tasks?" Are the employees giving 100% everyday, or are they putting up lower effort numbers?

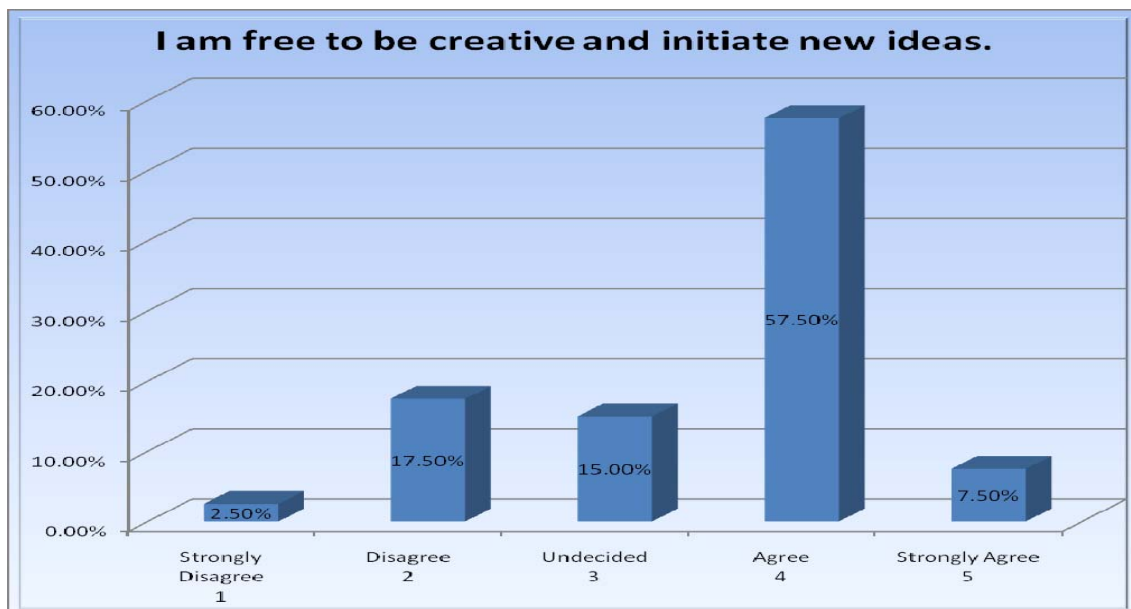
One way to motivate employees is to give them the freedom to be creative and initiate new ideas. When an employee takes a personal stake in a project, they become

more motivated and work harder to complete the task. Management must work with the employees giving them tasks that allow them to tap their creative side.

Question 22	I am free to be creative and initiate new ideas.
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65% of employees at ABC agreed or strongly agreed, while only 20% disagreed. With the majority of the generation X and Y employees just starting their careers, motivation may not be as big a concern as with the older employees. Once these generations begin to accumulate years of experience, management will need to be more creative themselves when motivating these younger generations. The complete results are shown in Figure 17.

Figure 17 – Question 22 Results



High Cost of Poor Retention

The cost of employee turnover is an expense that employers must pay close attention. The poor state of the economy and the downsizing in ABC's business may have decreased ABC's focus on the loss of the generation X and Y employees. shows several questions regarding the costs of hiring new employees.

Table 1– Question 23 thru 26 Results

No.	Question	Yes	NO	Undecided
23	I was recruited at a job fair by my current	17.5%	82.5%	0%
24	I found my current job via the World Wide Web.	50%	47.5%	2.5%
25	I was relocated when I took a position with my	32.5%	65%	2.5%
26	I was an intern with my current company.	17.5%	82.5%	0%

Web based ads, job fairs, relocation expenses, and intern programs add up to a considerable amount of hiring cost for ABC. These expenses fail to include on-the-job training and continuing education expenses that the company spends on new employees once they are hired.

These percentages show that ABC spends millions yearly on interning, hiring and relocating employees. As ABC's aging workforce continues to retire, they must pay close attention to the types of employees they are losing. They must analyze what the root cause of why their employees leave. HR must perform exit interviews for every employee that departs and make corrections for any shortcomings causing the employees to leave.

Conclusions

Employee Retention must start at the top and it must be implemented from within all levels of a company. The biggest burden to retain employees is in the hands of management. They must gain the respect of their employees while keeping them happy and motivated to complete their multitude of tasks.

It is evident that most companies today are not placing enough importance on employee retention. They are focused on the bottom line ignoring the fact that good performance starts with employees. Companies must pay more attention to every aspect of employee satisfaction to retain the best employees. Companies may not care as much about losing the bottom 10%, but they should care about losing the top 50%. Losing key employees could cause a cascade of events leading to the loss of huge projects, costing companies millions of dollars.

XYZ needs to focus on management first, holding managers accountable for employee retention. Once managers are held accountable, they will work harder to build positive relationships with their employees. Managers need to consider employees the internal customer and pay them as much attention as the product their selling. Managers must structure ways for employees to grow and give them ways to challenge themselves. Managers who help their employees achieve their goals are the managers that retain their employees with the most success.

XYZ needs to create strong long lasting mentoring programs that develop employees from the beginning. Mentoring is a good way to transfer crucial skills and

knowledge as well as also to it inspires loyalty in new employees and emerging leaders. Studies have shown that people with mentors are twice as likely to stay. Mentoring should be directing the new employee both professionally as well as socially within your company building strong relationships with the employee. Companies that step up their mentoring programs will be more successful in employee retention.

XYZ also must focus on all the growth opportunities that exist within their companies. With the baby boomer generation approaching retirement there are so many opportunities for all employees within all companies. They should promote education programs that they have as well as help the employees reach their goals and aspirations. Companies must support education and training of these new employees building the innovators and leaders of tomorrow.

The important thing to remember about employee retention is that pay and benefits are only part of the reason that employees stay with companies. There are many other factors that XYZ must pay attention to, to make employees happy. They need to build trust, create hope, show the employee is very valuable, and that they are very competent. Doing whatever is required to fulfill these most basic needs will lead to improved employee retention as well as improved productivity from all employees.

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Appendix I

ABC Employee Survey Questions

Table 2– ABC Employee Survey Questions

XYZ Employee Survey Questions	
Employee Happiness	
1.	I am challenged at work.
2.	I have good relationships with my peers at my company.
Management's Role	
3.	My manager is not sensitive to the need for personal and family time.
4.	My manager appreciates what I have done.
5.	I receive encouragement and recognition.
6.	I am correctly assessed by my manager.
7.	I receive regular feedback from my manager.
8.	My manager cares about my career goals.
9.	My manager has a genuine concern for others.
Employee Opportunities	
10.	I feel that there are opportunities for career growth and skill development in my job.
11.	I work in an atmosphere that promotes achieving personal and group goals.
12.	I feel I have a competitive Compensation at XYZ.
13.	I feel I have competitive Benefits at XYZ.
14.	I feel I have job security at XYZ.
15.	I am happy with the progress I have made in my career.
Leadership's Role	
16.	I feel that I am properly informed about company initiatives and future direction.
17.	Leadership listens and acts on employee suggestions.
Orientation and Mentoring	
18.	As a new employee, I feel I was properly orientated to XYZ.
19.	As a new employee, I feel I was properly mentored for my job.
20.	When I started, the company had a training plan in place to help orientate me to my position.
Employee Motivation	
21.	I am not motivated to do a good job.
22.	I am free to be creative and initiate new ideas.
High Cost of Poor Retention	
23.	I was recruited at a job fair by my current company.
24.	I found my current job via the World Wide Web.
25.	I was relocated when I took a position with my current company.
26.	I was an intern with my current company.

Appendix II

Email Survey Letter

Dear survey participant,

You are being asked to take this survey in order to participate in a study about “Working at ABC”. The study will be used to complete my Master's Degree Thesis. The survey is completely anonymous.

If you choose to participate please complete this survey on your own time. This should not take any more than 5 minutes of your time. Again, I thank you for taking your time to help me with my research. Please complete the survey by January 17th. My deadline for graduation is February 28th.

Completion of this survey is voluntary and you may quit at any time. By completing this survey, you are giving your consent to participate in this study.

Upon completion of this survey, data will be gathered, analyzed and presented in a research paper. Please feel free to contact me for a copy of the completed paper.

Thank You very much for taking your time to complete this survey,

Log on to the website using the link below.

<http://www.questionpro.com/akira/TakeSurvey?id=1125695>

The password is: kcp (lowercase)

Thanks again,

Sean Shatto

Appendix III

Age Demographics of surveyed Employees

Figure 18– Age demographics of surveyed Employees

